DPAS
A CASE STUDY

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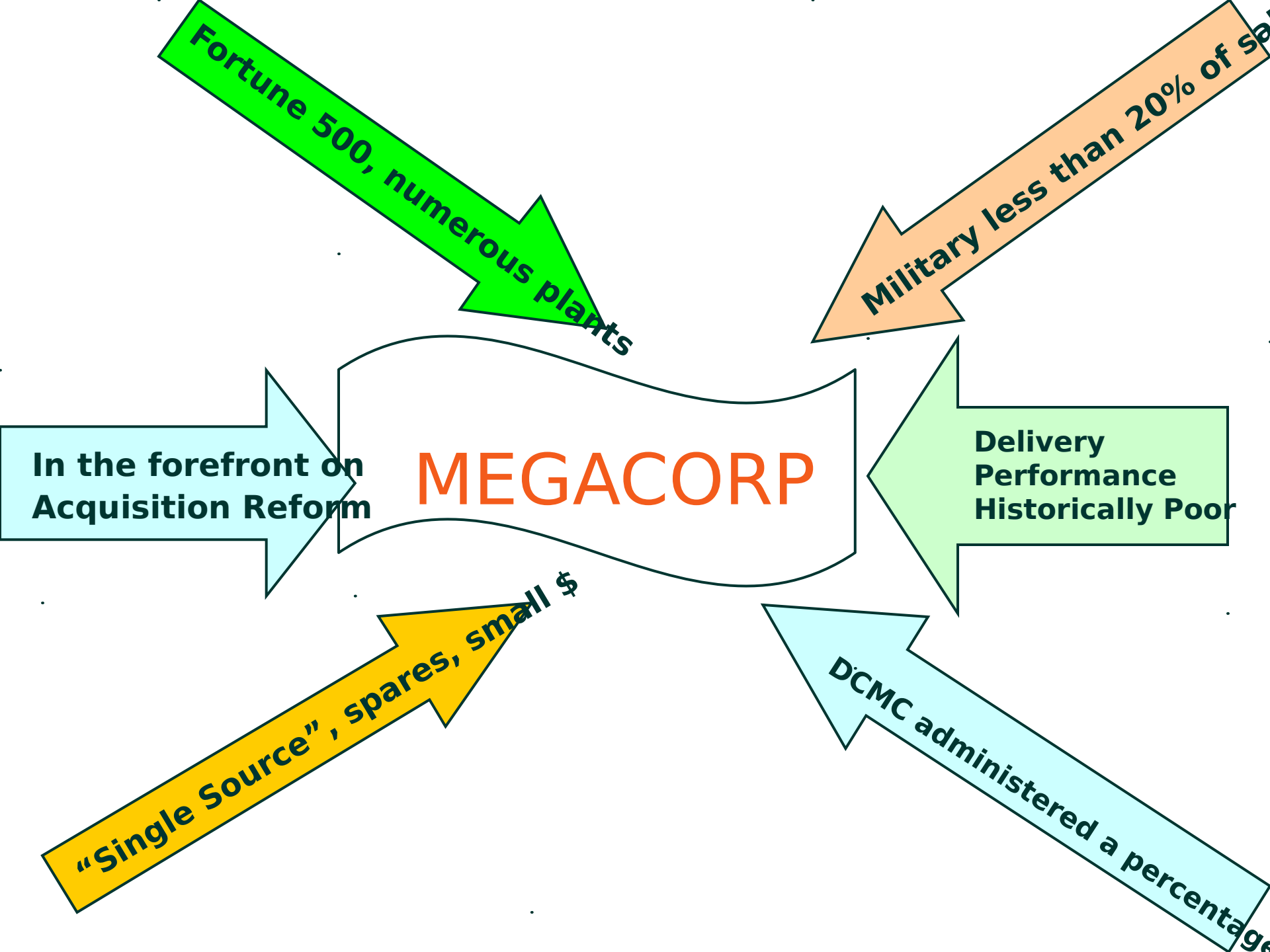
BACKGROUND

- ★ **Historically, we responded to DPAS actions, on request only**
- **We began to note that many “problem” contractors were in non-compliance**
- **In ‘92, we began to systematically identify and work with these companies on DPAS**


Fortune 500, numerous plants
Military less than 20% of sa
In the forefront on Acquisition Reform
MEGACORP
Delivery Performance Historically Poor
"Single Source", spares, small $
DCMC administered a percentage

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MEGACORP - 1999

- Mergers and reorganization led to consolidation of contracts
- Now the “high bar” on Performance charts
- Nine Corrective Actions Requests for poor performance
- DPAS cited in each; never addressed

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PAST PERFORMANCE DATA

- 3,048 RATED ORDERS COMPLETED
- 793 CONTRACTOR-CAUSED
- TOTAL DELINQ[illegible]ATE = 26%

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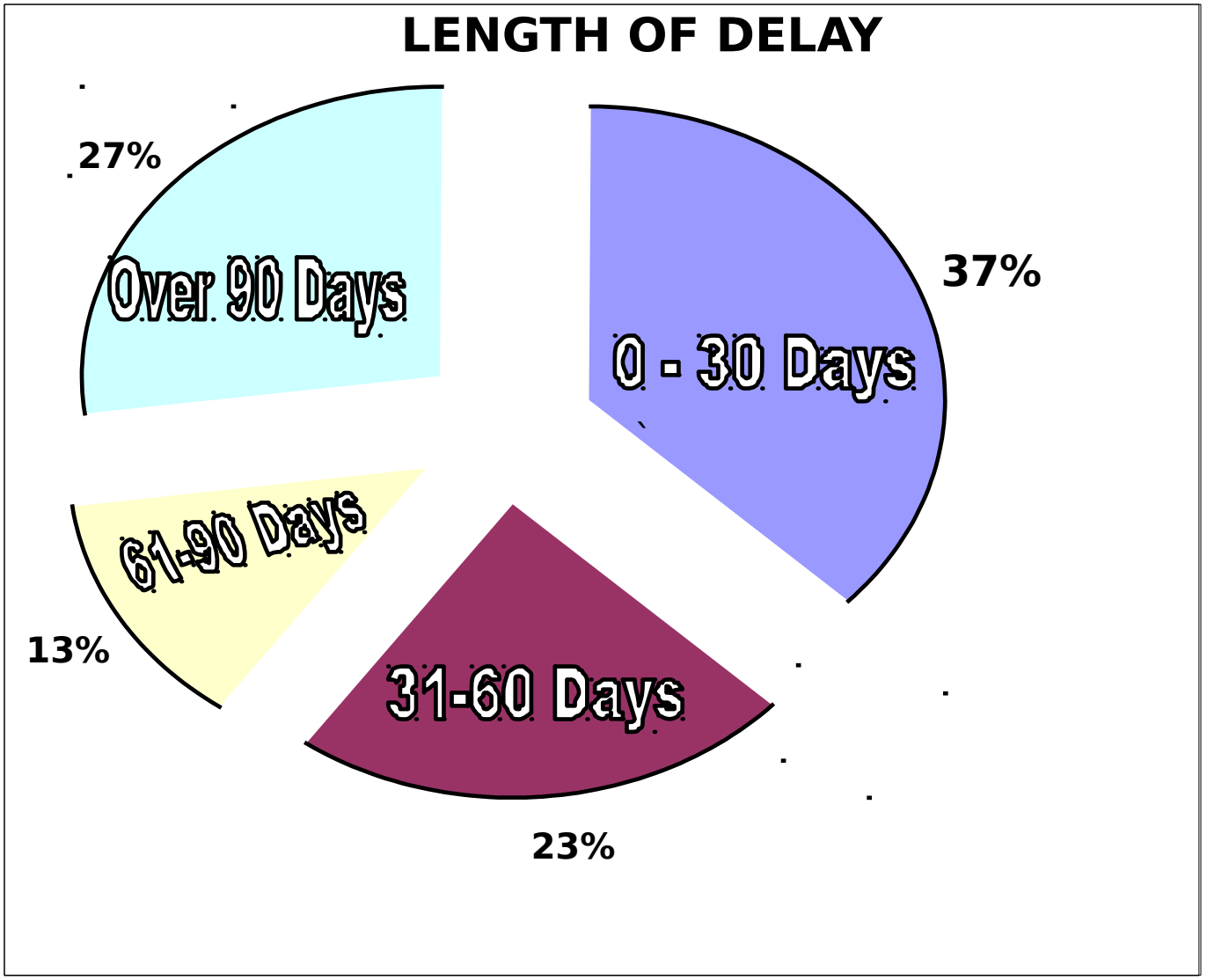

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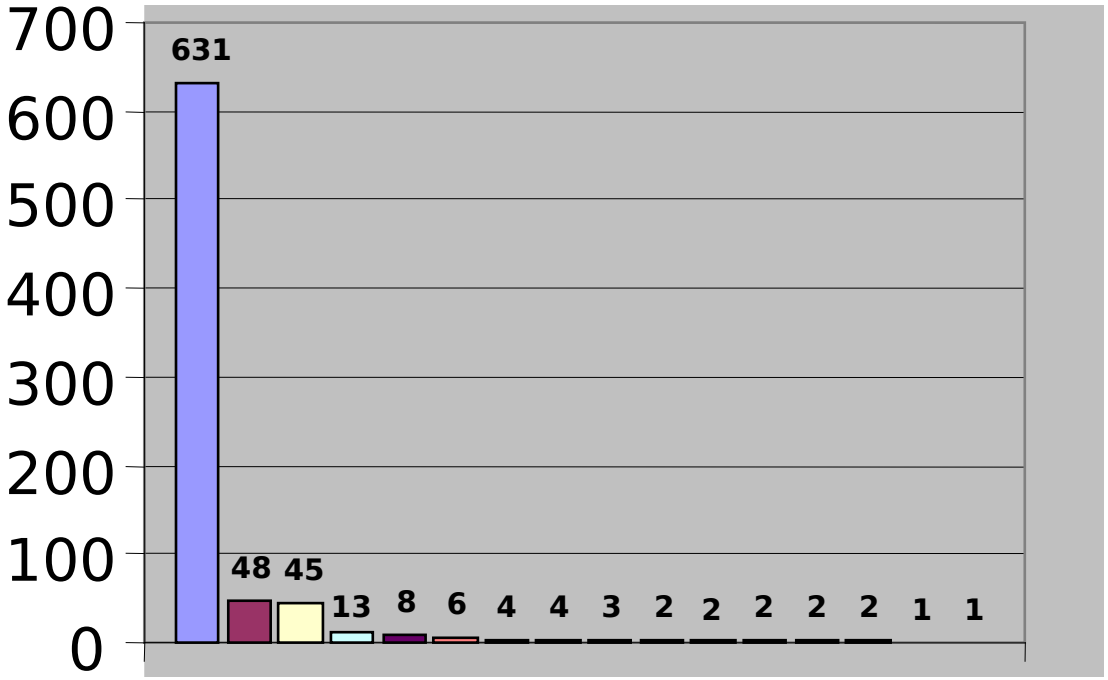
Past Performance



Reason for Delinquency

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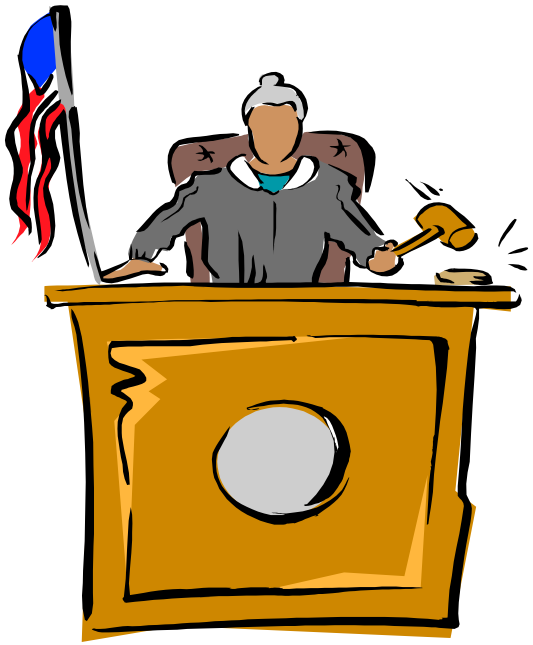
STRATEGY

- Letter of “Non-Compliance”
- Corrective Action Request
- Teaming Approach
- Phased Escalation



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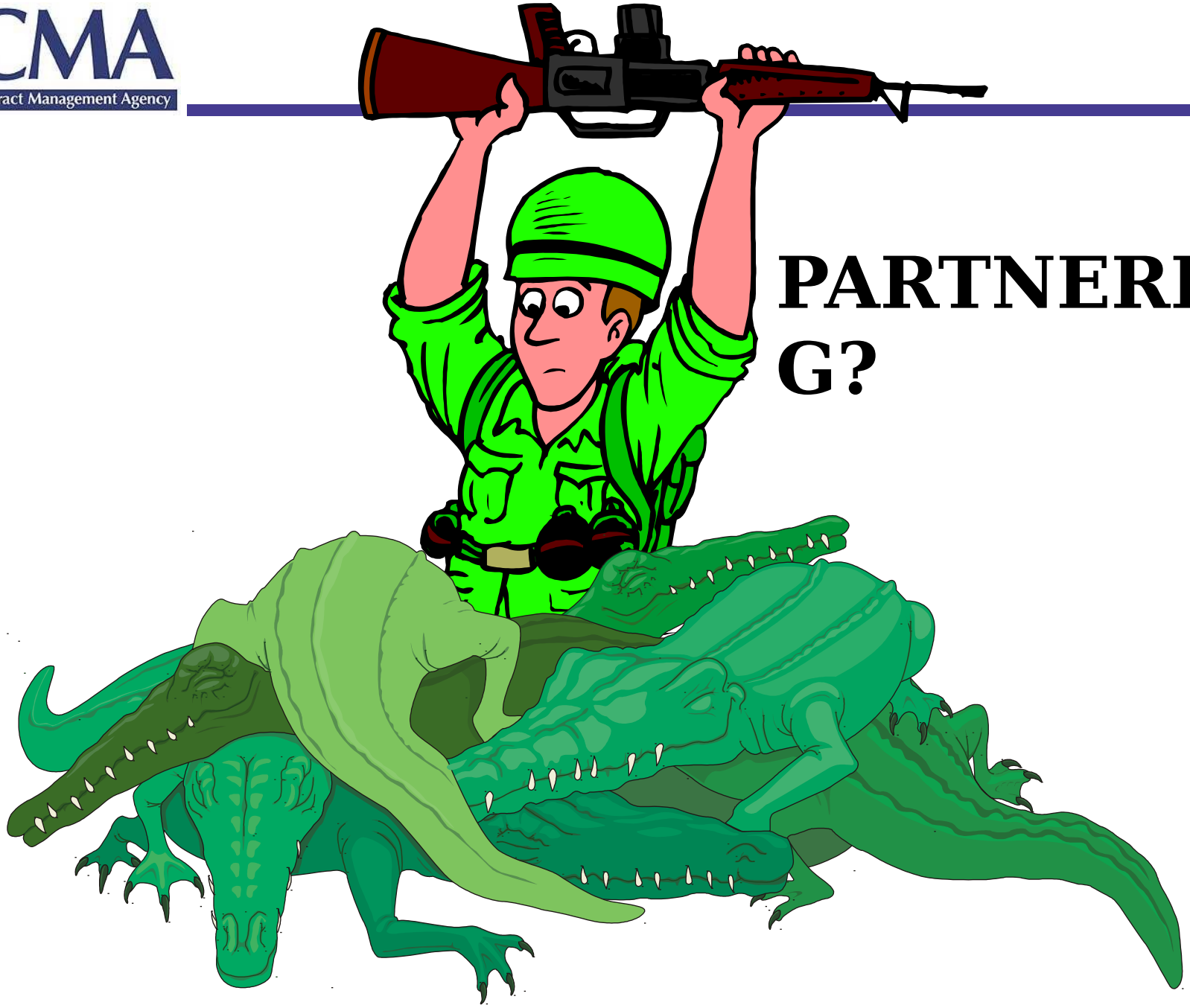
PARTNERIN G?



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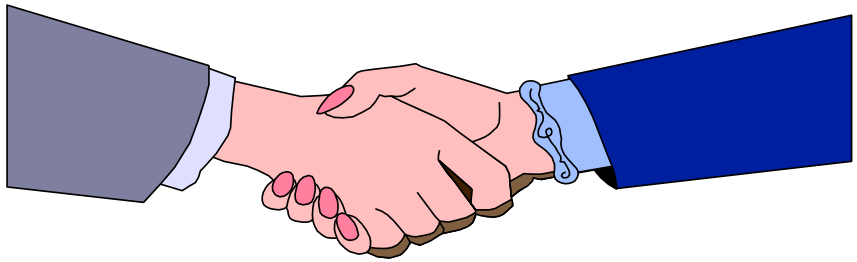
DPAS OBJECTIVES

- **WARTIME: Provide a framework for Rapid Industrial Response in a National Emergency**



- **We gave them an award in August**

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DPAS OBJECTIVES

- **PEACETIME: Assure timely availability of Industrial Resources to meet current approved program requirements**
- **We gave them a CAR in September**

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THE FIRST RESPONSE

- **“Many orders we receive are un-rated, and shouldn’t count”**
- **Total un-rated was 144, (less than 5%:)**
- **Performance was 10%** BETTER..!?

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DPAS ISSUE #1

- **Immediate notification to the customer**
- **According to Megacorp - “Notification is when DCMC asks why is this a month late, we research and respond.”**

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DPAS ISSUE #2

- **“We knew the schedule was unrealistic, but the Government made us do it”**
- **Mandatory Rejection - DPAS (and ISO Requirement)**

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DPAS ISSUE #3

★ **Prioritization of Rated over Non-Rated orders**

- **Overall performance on commercial work averaged 95-98% “on-time”**
- **Military work was less than 75%**

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DPAS ISSUE #4

- Mandatory Extension of the rating
- Less than $50 K, no flow down policy

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DPAS ISSUE #5

- Elements of a rated order
- Certification statement difficult to locate

  - No evidence that vendors were aware of DPAS requirements

  - DPAS not part of the vendor approval review

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DPAS ISSUE #6

- **Prioritization of Rated Orders**
- **Routinely expedited contracts ahead of other already delinquent orders**
  “Customer Satisfaction”
- **One line was reprioritized 5X in one day**

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UNIVERSAL NEEDS

- Misunderstandings or lack of knowledge about the DPAS at every facility visited
- Virtually the same found among those tasked with oversight functions
- Similar situation on the Government Customer side

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Remarks from the audiences:

- **"DPAS takes effect only in time of War"**
- **"DPAS comes into play <u>after</u> the contract becomes delinquent"**
- **"DO-A1 takes priority over DO-A2, DO-A3, etc."**
- **"DPAS is a FAR clause, it's negotiable."**
- **"When you receive a DX order, you MUST move it to the front of the line, automatically"**

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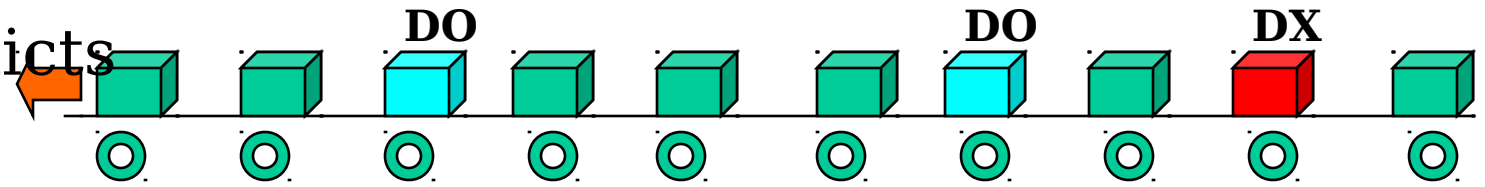
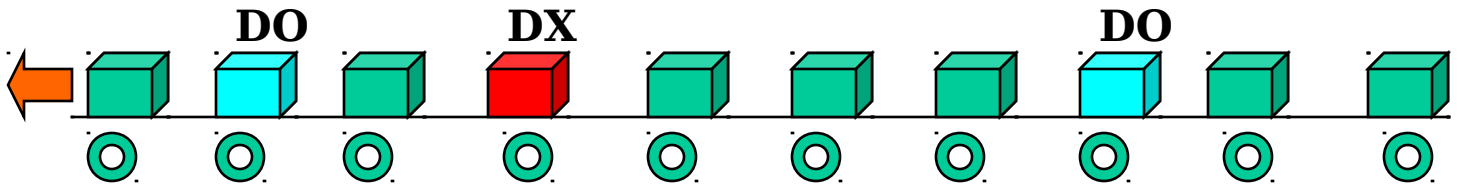
If no conflicts



PRIORITY SCHEDULING

Conflicts exist



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COMMUNICATIONS PROBLEMS

- ***MEGACORP***
  - **Contract Personnel failing to coordinate bids with production personnel**
  - **Production not reporting delays to Contract Personnel**

- ***Government***
  - **Item Managers not coordinating with Contract Officers**
  - **Contract Officers not coordinating with DCMC**

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METRIC DISPARITY

- **MEGACORP METRIC**
  - Delinquent Dollars
  - Highlighted Continuous Improvement

- **DCMC METRIC**
  - Delinquent Contracts
  - Highlighted Increasing Problems

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STATUS

- We made our point
- We are making real progress.. A real change, for a change!
- The short term goal of 10% delinquency
- The long term goal: as good as, or better than any other “commercial” customer.

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LESSONS LEARNED

- **Emphasis on DPAS Needed at All Levels, Within Government and Supplier Chain**
- **Delinquency Problems May Be an Indicator of DPAS Problems**
- **DPAS Can Be a Tool to Resolve Problems**
- **Contractors Basically Agree With the Intent of the DPAS**

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QUESTIONS???